

COMMITTEE REPORT

MR. PRESIDENT:

The Senate Committee on Finance, to which was referred House Bill No. 1866, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Page 1, delete lines 1 through 18, begin a new paragraph and insert:
- 2 "SECTION 1. IC 12-15-35-48 IS ADDED TO THE INDIANA
- 3 CODE AS A NEW SECTION TO READ AS FOLLOWS
- 4 [EFFECTIVE UPON PASSAGE] Sec. 48. (a) The board shall
- 5 evaluate and make recommendations to the office on programs or
- 6 initiatives that can be utilized by the office or through a contractor
- 7 to reduce costs in the Medicaid outpatient and institutional
- 8 prescription drug programs.
- 9 (b) In providing its recommendations to the office, the board
- 10 shall also evaluate whether the programs or initiatives will:
- 11 (1) increase other Medicaid costs, including:
- 12 (A) physician services;
- 13 (B) hospital services;
- 14 (C) nursing home services; and
- 15 (D) laboratory services; or
- 16 (2) result in poorer health outcomes for Medicaid recipients.
- 17 (c) The board shall conduct an audit of the Medicaid outpatient
- 18 and institutional prescription drug programs for state fiscal years
- 19 1999, 2000, and 2001, to determine if any claims for prescription
- 20 drugs that were reimbursed by Medicaid were claims that were
- 21 fraudulently billed. The board shall report the audit findings to the

office, the select joint commission on Medicaid oversight, and the attorney general by September 1, 2001, and on a quarterly basis after that date.

(d) Beginning September 1, 2001, the board shall conduct an ongoing audit of the Medicaid outpatient and institutional prescription drug programs to determine if any claims for prescription drugs that were reimbursed by Medicaid were claims that were fraudulently billed. The board shall report the audit findings to the office, the select joint commission on Medicaid oversight, and the attorney general after the close of each state fiscal quarter.

SECTION 2. IC 12-15-35-49 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE] Sec. 49. (a) The office shall provide the board with information necessary for the board to carry out its duties under this chapter, including the audits required under section 48 of this chapter.

(b) The office shall provide the information required under subsection (a):

(1) when requested by the board; and

(2) in a timely manner."

Page 2, delete lines 1 through 38.

Page 2, line 39, delete "(a)".

Page 2, line 41, delete "this SECTION." and insert "SECTIONS 4 through 5 of this act.

SECTION 4. [EFFECTIVE JULY 1, 2001] (a) The cost of professional liability insurance shall be separated from the administrative rate component and calculated in a new rate component called "professional liability insurance". A profit add-on payment may not be added to the calculation of the professional liability insurance rate component, and there is no limitation on the amount of the professional liability insurance rate component in the rate calculation. Each provider shall submit current liability insurance premium statements and supporting documentation to the state's rate setting contractor. The professional liability insurance component in the provider's rate must be equal to the liability insurance expense from the current liability premium statements and supporting documentation divided by the total patient days from the provider's most recently filed cost report. The rate adjustment is effective on the first day of the month, if the effective date of the policy is between the first and fifteenth day of that month. If the effective date of the policy

1 is between the sixteenth and last day of that month, the rate
 2 adjustment is effective on the first day of the following month.
 3 After June 30, 2004, the cost of professional liability insurance
 4 must be included in the administrative rate component, subject to
 5 the profit add-on payment and the limitation on the administrative
 6 rate component.

7 (b) This SECTION expires July 1, 2004."

8 Page 2, line 42, delete "(b)" and insert "SECTION 5. [EFFECTIVE
 9 UPON PASSAGE] (a)".

10 Page 2, line 42, delete "January" and insert "**July**".

11 Page 3, line 32, delete "six" and insert "**five**".

12 Page 3, line 32, delete "(106%)" and insert "**(105%)**".

13 Page 3, delete lines 36 through 42.

14 Page 4, delete lines 1 through 4.

15 Page 4, line 5, delete "(7)" and insert "**(5)**".

16 Page 4, line 9, delete "one hundred" and insert "**ninety**".

17 Page 4, line 9, delete "(100%)" and insert "**(90%)**".

18 Page 4, line 10, delete "(8)" and insert "**(6)**".

19 Page 4, line 13, delete "eighty-five" and insert "**ninety**".

20 Page 4, line 13, delete "(85%)" and insert "**(90%)**".

21 Page 4, line 16, delete "(9)" and insert "**(7)**".

22 Page 4, delete lines 22 through 42.

23 Page 5, delete lines 1 through 27.

24 Page 5, line 28, delete "(12)" and insert "**(8)**".

25 Page 5, delete lines 31 through 34.

26 Page 5, line 35, delete "(14)" and insert "**(9)**".

27 Page 6, line 2, delete "(15)" and insert "**(10)**".

28 Page 7, line 2, delete "(16)" and insert "**(11)**".

29 Page 7, delete lines 4 through 9.

30 Page 7, line 10, delete "2003." and insert "**2004.**".

31 Page 7, delete lines 11 through 42.

32 Delete pages 8 through 9.

33 Page 10, delete lines 1 through 18.

34 Page 10, line 23, after "implement" insert "**SECTION 2 of**".

35 Page 10, line 30, delete "2003." and insert "**2004.**".

36 Page 10, line 36, delete "2003." and insert "**2004.**".

37 Page 11, line 2, delete "The state's rate setting contractor shall
 38 include in the".

39 Page 11, delete lines 3 through 9.

40 Page 11, line 10, delete "2003." and insert "**2004.**".

41 Page 11, line 17, delete "3(b)(1)" and insert "**3(a)(1)**".

42 Page 11, line 21, delete "2003." and insert "**2004.**".

1 Page 11, delete lines 22 through 42.

2 Page 12, delete lines 1 through 14, begin a new paragraph and
3 insert:

4 "SECTION 10. [EFFECTIVE UPON PASSAGE] **(a) Not later than**
5 **August 1, 2001, the office of the secretary of family and social**
6 **services shall identify voluntary sources of state or local**
7 **government funds eligible for federal financial participation under**
8 **the Medicaid program (42 U.S.C. 1396 et seq.), including sources**
9 **for intergovernmental transfers from government owned and**
10 **operated health care entities, including the following:**

- 11 (1) Health facilities.
- 12 (2) Hospitals.
- 13 (3) Medical and dental schools.
- 14 (4) University facilities.
- 15 (5) Community health centers.
- 16 (6) Mental health, alcohol, and drug abuse facilities and
- 17 programs.
- 18 (7) Mental retardation and developmental disabilities facilities
- 19 and programs.
- 20 (8) Psychiatric facilities and programs.
- 21 (9) Children's facilities and programs.
- 22 (10) Schools.
- 23 (11) Any other government owned and operated health
- 24 related facilities, programs, or services.

25 **(b) Not later than August 1, 2001, the office of the secretary of**
26 **family and social services shall identify voluntary sources of state**
27 **or local government funds that:**

- 28 (1) can be certified as being eligible for federal financial
- 29 participation under 42 U.S.C. 1396b(w)(6)(A) and 42 CFR
- 30 433.51; and
- 31 (2) are paid to health care entities, including the following:
- 32 (A) Health facilities.
- 33 (B) Hospitals.
- 34 (C) Medical and dental schools.
- 35 (D) University facilities.
- 36 (E) Community health centers.
- 37 (F) Mental health, alcohol, and drug abuse facilities and
- 38 programs.
- 39 (G) Mental retardation and developmental disabilities
- 40 facilities and programs.
- 41 (H) Psychiatric facilities and programs.
- 42 (I) Children's facilities and programs.

1 **(J) Schools.**

2 **(K) Any other health related facilities, programs, or**
 3 **services.**

4 **(c) Not later than August 1, 2001, the office of the secretary of**
 5 **family and social services shall identify the availability of Medicaid**
 6 **disproportionate share payments for state institutions for mental**
 7 **disease for any prior state fiscal year.**

8 **(d) Before August 1, 2001, the office of the secretary of family**
 9 **and social services shall identify court ordered health care services**
 10 **that are paid by the state or by local units of government.**

11 **(e) Based on the information identified and calculated under**
 12 **subsections (a) through (d), the office of the secretary of family and**
 13 **social services shall, not later than August 1, 2001, do the**
 14 **following:**

15 **(1) Develop Medicaid health care coverage programs or**
 16 **health care funding mechanisms. Programs and mechanisms**
 17 **developed under this subdivision may not require the**
 18 **reduction or cessation of current programs using**
 19 **intergovernmental transfers or certification of government**
 20 **funds as the state's share of Medicaid payments.**

21 **(2) Apply to the federal Health Care Financing**
 22 **Administration for approval of the programs or mechanisms**
 23 **developed under subdivision (1).**

24 **(f) This SECTION expires July 1, 2004.**

25 **SECTION 11. [EFFECTIVE UPON PASSAGE] (a) Not later than**
 26 **August 1, 2001, the office of the secretary of family and social**
 27 **services shall do the following:**

28 **(1) Identify opportunities for Medicaid waivers or expansions,**
 29 **paid with no new state tax funds, to cover individuals with**
 30 **health care needs.**

31 **(2) Identify entities afforded Indiana tax credits on the basis**
 32 **of their payment of taxes or assessments used to directly fund**
 33 **health care services or insurance coverage for individuals who**
 34 **would be eligible for coverage under a Medicaid waiver or**
 35 **expansion identified in subdivision (1).**

36 **(3) Calculate increased tax revenues realized by the state**
 37 **through the reduction in Indiana tax credits taken by entities**
 38 **described in subdivision (2) due to the reduction in taxes or**
 39 **assessments paid by the entities resulting from the fact that**
 40 **the health care needs of individual identified in subdivision (2)**
 41 **are covered by Medicaid.**

42 **(b) This SECTION expires July 1, 2004.**

1 SECTION 12. [EFFECTIVE UPON PASSAGE] **(a) The office of**
2 **the secretary of family and social services shall, not later than**
3 **October 1, 2001, file a report with the legislative council regarding**
4 **the office's activities under this act.**

5 **(b) This SECTION expires July 1, 2004."**

6 Renumber all SECTIONS consecutively.

(Reference is to HB 1866 as reprinted March 6, 2001.)

and when so amended that said bill do pass .

Committee Vote: Yeas 13, Nays 2.

Senator Borst, Chairperson